

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>VILLAGE OF ELK RAPIDS</b>	County <b>ANTRIM</b>
Audit Date <b>6/30/04</b>	Opinion Date <b>6/05/04</b>	Date Accountant Report Submitted to State: <b>8/13/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

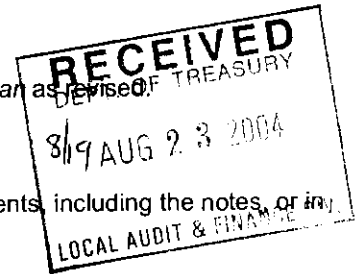
You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ yes ☐ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

### We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) <b>REHMANN ROBSON</b>			
Street Address <b>250 E FRONT ST, PO BOX 808</b>	City <b>TRAVERSE CITY</b>	State <b>MI</b>	ZIP <b>49685-0808</b>
Accountant Signature <i>Asith Eustice</i>			



# VILLAGE OF ELK RAPIDS

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**REHMANN ROBSON**

*Certified Public Accountants*

*A member of THE REHMANN GROUP*

*An Independent Member of Baker Tilly International*

## **INDEPENDENT AUDITORS' REPORT**

June 5, 2004

Village Council  
Village of Elk Rapids  
Elk Rapids, Michigan

We have audited the accompanying general purpose financial statements of the ***Village of Elk Rapids*** (the "Village"), as of and for the year ended February 29, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village as of February 29, 2004, and the results of its operations and the cash flows of its proprietary fund types for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 5, 2004 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Village. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

A handwritten signature in black ink, reading "Lehmann Johnson". The script is cursive and fluid, with the first letters of each word being capitalized and prominent.

## **GENERAL PURPOSE FINANCIAL STATEMENTS**

**VILLAGE OF ELK RAPIDS**  
**COMBINED BALANCE SHEETS**  
**ALL FUND TYPES, ACCOUNT GROUPS AND**  
**DISCRETELY PRESENTED COMPONENT UNIT**

**FEBRUARY 29, 2004**

ASSETS AND OTHER DEBITS	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPES	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	ENTERPRISE	INTERNAL SERVICE
<b>ASSETS</b>						
Cash and cash equivalents	\$ 127,792	\$ 218,937	\$ 31,643	\$ 111,007	\$ 1,234,352	\$ 27,135
Receivables						
Accounts	3,887	-	-	-	48,980	-
Taxes	35,232	10,963	2,496	-	7,990	-
Due from other funds	31,128	-	-	80,000	-	-
Due from other governments	43,337	48,426	-	-	3,075	-
Prepaid items	4,688	963	-	-	3,876	800
Inventory	-	-	-	-	37,136	-
Restricted assets - cash and cash equivalents	-	-	-	-	170,703	-
Fixed assets, net of accumulated depreciation where applicable	-	-	-	-	8,818,166	232,664
Advance to other funds	-	-	-	-	688,200	-
Unamortized bond discount and issue costs	-	-	-	-	17,842	-
<b>OTHER DEBITS</b>						
Amount available in Debt Service Fund	-	-	-	-	-	-
Amount to be provided for compensated absences	-	-	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ 246,064</b>	<b>\$ 279,289</b>	<b>\$ 34,139</b>	<b>\$ 191,007</b>	<b>\$ 11,030,320</b>	<b>\$ 260,599</b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 4,983	\$ 6,099	\$ -	\$ -	\$ 20,448	\$ 3,355
Accrued liabilities	23,677	6,268	-	-	44,533	4,927
Deposits payable	-	-	-	10,000	-	-
Due to other funds	-	-	-	111,128	-	-
Current portion of long term debt	-	-	-	-	101,000	-
Deferred revenue	-	-	-	-	398,667	-
Advance from other funds	340,000	-	-	-	348,200	-
Long-term debt	-	-	-	-	1,145,000	18,605
Compensated absences	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>368,660</b>	<b>12,367</b>	<b>-</b>	<b>121,128</b>	<b>2,057,848</b>	<b>26,887</b>
<b>EQUITY AND OTHER CREDITS</b>						
Contributed capital	-	-	-	-	4,659,993	-
Investment in general fixed assets	-	-	-	-	-	-
Retained earnings						
Reserved	-	-	-	-	69,703	-
Unreserved	-	-	-	-	4,242,776	233,712
Fund balances						
Reserved	-	963	34,139	69,879	-	-
Unreserved	-	-	-	-	-	-
Undesignated (deficit)	(122,596)	265,959	-	-	-	-
<b>TOTAL EQUITY (DEFICIT) AND OTHER CREDITS</b>	<b>(122,596)</b>	<b>266,922</b>	<b>34,139</b>	<b>69,879</b>	<b>8,972,472</b>	<b>233,712</b>
<b>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</b>	<b>\$ 246,064</b>	<b>\$ 279,289</b>	<b>\$ 34,139</b>	<b>\$ 191,007</b>	<b>\$ 11,030,320</b>	<b>\$ 260,599</b>

The accompanying notes are an integral part of these financial statements.

FIDUCIARY FUND TYPES	ACCOUNT GROUPS		TOTAL PRIMARY GOVERNMENT (MEMORANDUM ONLY)	DISCRETELY PRESENTED COMPONENT UNIT	TOTAL REPORTING ENTITY (MEMORANDUM ONLY)
TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT			
\$ 13,371	\$ -	\$ -	\$ 1,764,237	\$ 211,563	\$ 1,975,800
1,387	-	-	54,254	-	54,254
-	-	-	56,681	-	56,681
-	-	-	111,128	-	111,128
-	-	-	94,838	-	94,838
-	-	-	10,327	55	10,382
-	-	-	37,136	-	37,136
-	-	-	170,703	-	170,703
-	3,807,182	-	12,858,012	-	12,858,012
-	-	-	688,200	-	688,200
-	-	-	17,842	-	17,842
-	-	34,139	34,139	599	34,738
-	-	30,756	30,756	-	30,756
-	-	1,300,861	1,300,861	969,401	2,270,262
<u>\$ 14,758</u>	<u>\$ 3,807,182</u>	<u>\$ 1,365,756</u>	<u>\$ 17,229,114</u>	<u>\$ 1,181,618</u>	<u>\$ 18,410,732</u>

\$ 1,909	\$ -	\$ -	\$ 36,794	\$ 108	\$ 36,902
12,849	-	-	92,254	483	92,737
-	-	-	10,000	-	10,000
-	-	-	111,128	-	111,128
-	-	-	101,000	-	101,000
-	-	-	398,667	-	398,667
-	-	-	688,200	-	688,200
-	-	1,335,000	2,498,605	970,000	3,468,605
-	-	30,756	30,756	-	30,756
<u>14,758</u>	<u>-</u>	<u>1,365,756</u>	<u>3,967,404</u>	<u>970,591</u>	<u>4,937,995</u>
-	-	-	4,659,993	-	4,659,993
-	3,807,182	-	3,807,182	-	3,807,182
-	-	-	69,703	-	69,703
-	-	-	4,476,488	-	4,476,488
-	-	-	104,981	599	105,580
-	-	-	143,363	210,428	353,791
-	3,807,182	-	13,261,710	211,027	13,472,737
<u>\$ 14,758</u>	<u>\$ 3,807,182</u>	<u>\$ 1,365,756</u>	<u>\$ 17,229,114</u>	<u>\$ 1,181,618</u>	<u>\$ 18,410,732</u>



# VILLAGE OF ELK RAPIDS

## COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNIT

YEAR ENDED FEBRUARY 29, 2004

	GENERAL	SPECIAL REVENUE
<b>REVENUES</b>		
Taxes	\$ 548,905	\$ 184,159
Licenses and permits	28,758	-
State sources	152,993	174,835
Contribution from local governments	3,355	-
Charges for services	5,660	-
Fines and forfeits	9,199	-
Interest	4,204	5,430
Refunds and reimbursements	49,955	-
Other	3,360	3,318
<b>TOTAL REVENUES</b>	<b>806,389</b>	<b>367,742</b>
<b>EXPENDITURES</b>		
Current		
General government	311,969	-
Public safety	305,563	-
Highway and streets	-	276,297
Recreation and cultural	174,810	-
Capital outlay	312,167	-
Debt service		
Principal	-	-
Interest and fees	-	-
<b>TOTAL EXPENDITURES</b>	<b>1,104,509</b>	<b>276,297</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(298,120)</b>	<b>91,445</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Note payable proceeds	310,000	-
Bond payable proceeds	-	-
Operating transfers in	-	5,760
Operating transfers (out)	(347,300)	(109,163)
Operating transfers from primary government	-	-
Operating transfers from component unit	-	-
Operating transfers to component unit	-	(5,000)
Operating transfers to primary government	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(37,300)</b>	<b>(108,403)</b>
<b>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(335,420)</b>	<b>(16,958)</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>212,824</b>	<b>283,880</b>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<b>\$ (122,596)</b>	<b>\$ 266,922</b>

The accompanying notes are an integral part of these financial statements.

DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUND TYPES	DISCRETELY PRESENTED COMPONENT UNIT	TOTAL (MEMORANDUM ONLY)
\$ 43,382	\$ -	\$ 776,446	\$ 422,302	\$ 1,198,748
-	-	28,758	-	28,758
-	-	327,828	-	327,828
-	4,600	7,955	-	7,955
-	-	5,660	-	5,660
-	-	9,199	-	9,199
1,293	12,088	23,015	10,940	33,955
-	-	49,955	-	49,955
-	4,464	11,142	63	11,205
44,675	21,152	1,239,958	433,305	1,673,263
-	-	311,969	43,892	355,861
-	-	305,563	-	305,563
-	-	276,297	-	276,297
-	-	174,810	-	174,810
-	1,940,967	2,253,134	-	2,253,134
10,000	-	10,000	145,000	155,000
39,306	-	39,306	65,263	104,569
49,306	1,940,967	3,371,079	254,155	3,625,234
(4,631)	(1,919,815)	(2,131,121)	179,150	(1,951,971)
-	-	310,000	-	310,000
-	518,188	518,188	-	518,188
10,063	964,700	980,523	23,510	1,004,033
(396)	(59,280)	(516,139)	(23,510)	(539,649)
-	-	-	11,115	11,115
-	465,200	465,200	-	465,200
-	(6,115)	(11,115)	-	(11,115)
-	-	-	(474,024)	(474,024)
9,667	1,882,693	1,746,657	(462,909)	1,283,748
5,036	(37,122)	(384,464)	(283,759)	(668,223)
29,103	107,001	632,808	494,786	1,127,594
\$ 34,139	\$ 69,879	\$ 248,344	\$ 211,027	\$ 459,371

# VILLAGE OF ELK RAPIDS

## COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - AMENDED BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS

YEAR ENDED FEBRUARY 29, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
<b>REVENUES</b>			
Taxes	\$ 547,887	\$ 548,905	\$ 1,018
Licenses and permits	26,705	28,758	2,053
State grants	163,944	152,993	(10,951)
Contribution from local governments	343,355	3,355	(340,000)
Charges for services	3,850	5,660	1,810
Fines and forfeits	6,500	9,199	2,699
Interest	1,000	4,204	3,204
Refunds and reimbursements	49,955	49,955	-
Other	4,000	3,360	(640)
<b>TOTAL REVENUES</b>	<u>1,147,196</u>	<u>806,389</u>	<u>(340,807)</u>
<b>EXPENDITURES</b>			
Current			
General government	336,964	311,969	24,995
Public safety	331,783	305,563	26,220
Highway and streets	-	-	-
Recreation and cultural	161,139	174,810	(13,671)
Capital outlay	5,035	312,167	(307,132)
<b>TOTAL EXPENDITURES</b>	<u>834,921</u>	<u>1,104,509</u>	<u>(269,588)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>312,275</u>	<u>(298,120)</u>	<u>(610,395)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Note payable proceeds	-	310,000	310,000
Operating transfers in	-	-	-
Operating transfers (out)	(394,030)	(347,300)	46,730
Operating transfer to component unit	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(394,030)</u>	<u>(37,300)</u>	<u>356,730</u>
<b>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>(81,755)</u>	<u>(335,420)</u>	<u>(253,665)</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>212,824</u>	<u>212,824</u>	<u>-</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 131,069</u>	<u>\$ (122,596)</u>	<u>\$ (253,665)</u>

The accompanying notes are an integral part of these financial statements.

SPECIAL REVENUE FUNDS		
BUDGET	ACTUAL	VARIANCE
\$ 236,200	\$ 184,159	\$ (52,041)
-	-	-
171,246	174,835	3,589
-	-	-
-	-	-
-	-	-
3,000	5,430	2,430
-	-	-
500	3,318	2,818
410,946	367,742	(43,204)
-	-	-
-	-	-
272,636	276,297	(3,661)
-	-	-
-	-	-
272,636	276,297	(3,661)
138,310	91,445	(46,865)
-	-	-
-	5,760	5,760
(109,163)	(109,163)	-
(5,000)	(5,000)	-
(114,163)	(108,403)	5,760
24,147	(16,958)	(41,105)
283,880	283,880	-
\$ 308,027	\$ 266,922	\$ (41,105)

**VILLAGE OF ELK RAPIDS**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN RETAINED EARNINGS -**  
**ALL PROPRIETARY FUND TYPES**

**YEAR ENDED FEBRUARY 29, 2004**

	ENTERPRISE	INTERNAL SERVICE	TOTAL (MEMORANDUM ONLY)
<b>OPERATING REVENUES</b>			
Charges for services	\$ 947,581	\$ -	\$ 947,581
Contracts	420,270	-	420,270
Interdepartmental	-	157,608	157,608
Other income	176,041	1,372	177,413
<b>TOTAL OPERATING REVENUES</b>	<b>1,543,892</b>	<b>158,980</b>	<b>1,702,872</b>
<b>OPERATING EXPENSES</b>			
General operations	1,424,408	186,330	1,610,738
Treatment plant	86,125	-	86,125
<b>TOTAL OPERATING EXPENSES</b>	<b>1,510,533</b>	<b>186,330</b>	<b>1,696,863</b>
<b>OPERATING INCOME (LOSS)</b>	<b>33,359</b>	<b>(27,350)</b>	<b>6,009</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
State grant	16,898	-	16,898
Interest and penalties	31,899	539	32,438
Taxes	134,216	-	134,216
Other	27,198	-	27,198
Sale of fixed assets	-	37,376	37,376
Interest and fiscal charges	(69,522)	(1,099)	(70,621)
<b>TOTAL NON-OPERATING REVENUES</b>	<b>140,689</b>	<b>36,816</b>	<b>177,505</b>
<b>INCOME BEFORE OPERATING TRANSFERS</b>	<b>174,048</b>	<b>9,466</b>	<b>183,514</b>
<b>OPERATING TRANSFERS IN (OUT)</b>			
Operating transfer in	206,807	-	206,807
Operating transfer out	(671,191)	-	(671,191)
Operating transfers from component unit	8,824	-	8,824
<b>TOTAL OPERATING TRANSFERS</b>	<b>(455,560)</b>	<b>-</b>	<b>(455,560)</b>
<b>NET INCOME (LOSS)</b>	<b>(281,512)</b>	<b>9,466</b>	<b>(272,046)</b>
<b>Depreciation on fixed assets acquired with contributed capital</b>	<b>72,337</b>	<b>-</b>	<b>72,337</b>
<b>CHANGE IN RETAINED EARNINGS</b>	<b>(209,175)</b>	<b>9,466</b>	<b>(199,709)</b>
<b>RETAINED EARNINGS - BEGINNING OF YEAR</b>	<b>4,521,654</b>	<b>224,246</b>	<b>4,745,900</b>
<b>RETAINED EARNINGS - END OF YEAR</b>	<b>\$ 4,312,479</b>	<b>\$ 233,712</b>	<b>\$ 4,546,191</b>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF ELK RAPIDS**  
**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES**

**YEAR ENDED FEBRUARY 29, 2004**

	ENTERPRISE	INTERNAL SERVICE	TOTAL (MEMORANDUM ONLY)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 33,359	\$ (27,350)	\$ 6,009
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	265,740	51,266	317,006
Changes in operating assets and liabilities when provided (used) cash			
Receivables	1,196	-	1,196
Prepaid expenses	(862)	37	(825)
Accounts payable	(14,854)	2,084	(12,770)
Accrued liabilities	1,693	92	1,785
Due to other funds	(21,000)	-	(21,000)
Deferred revenue	196	-	196
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>265,468</u>	<u>26,129</u>	<u>291,597</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Operating transfers in	206,807	-	206,807
Operating transfers from component unit	8,824	-	8,824
Operating transfers out	(671,191)	-	(671,191)
Property taxes and other charges	161,414	-	161,414
<b>NET CASH USED IN NON-CAPITAL FINANCING ACTIVITIES</b>	<u>(294,146)</u>	<u>-</u>	<u>(294,146)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
State grant	13,823	-	13,823
Advance to other funds	(390,000)	-	(390,000)
Advance from other funds	50,000	-	50,000
Principal payments on long-term debt	(96,000)	(8,770)	(104,770)
Interest payments on long term debt and fees	(69,522)	(1,099)	(70,621)
Purchase and construction of capital assets	(33,163)	(19,163)	(52,326)
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(524,862)</u>	<u>(29,032)</u>	<u>(553,894)</u>
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>			
Investment income	31,899	539	32,438
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(521,641)	(2,364)	(524,005)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	1,926,696	29,499	1,956,195
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,405,055</u>	<u>\$ 27,135</u>	<u>\$ 1,432,190</u>

The accompanying notes are an integral part of these financial statements.

# VILLAGE OF ELK RAPIDS

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the *Village of Elk Rapids* (the "Village") conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant policies.

#### **Reporting Entity**

**Discretely Presented Component Unit** – As required by accounting principles generally accepted in the United States of America, the general purpose financial statements of the reporting entity include those of the Village and its component unit. The component unit discussed below is included in the Village's reporting entity because of the significance of its operational or financial relationship with the Village. The component unit columns in the combined financial statements include the financial data of the Village's component unit. This unit is reported in a separate column to emphasize that it is legally separate from the Village.

**Downtown Development Authority** – The members of the governing board of the Downtown Development Authority are appointed by the Village Council. The budgets and expenditures of the Downtown Development Authority must be approved by the Village Council. The Village Council also has the ability to significantly influence operations of the Downtown Development Authority. Combining financial statements for the Downtown Development Authority are included in the combining and individual fund financial statement and schedules section of this report.

#### **Joint Operation**

The Village participates in the Elk Rapids Township and Village Joint Building Authority. The joint authority operates with a separate treasurer. Separate financial statements for the Joint Building Authority are available by written request to Elk Rapids Township and Village Joint Building Authority, PO Box 398, Elk Rapids, MI 49629.

#### **Basis Of Presentation – Fund Accounting**

The accounts of the Village are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate.

Government resources are allocated to and accounted for in the individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the general purpose financial statements as follows:

# **VILLAGE OF ELK RAPIDS**

## **NOTES TO FINANCIAL STATEMENTS**

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### **Governmental Funds**

#### **General Fund**

The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

#### **Special Revenue Funds**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts and capital projects) that are legally restricted to expenditures for specified purposes.

#### **Debt Service Funds**

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

#### **Capital Projects Funds**

Capital Projects Funds account for the acquisition or construction of major capital projects (other than those capitalized in Proprietary Funds).

### **Proprietary Funds**

#### **Enterprise Funds**

Enterprise Funds report operations that provide services to citizens financed primarily by user charges or activities where the periodic measurement of net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

#### **Internal Service Fund**

Internal Service Fund is used to record the financing of goods or services by the Village to other departments and funds or to other governmental units on a cost reimbursement basis. The Village maintains a Motor Vehicle and Equipment Pool Internal Service Fund.

### **Fiduciary Funds**

#### **Trust and Agency Funds**

Trust and Agency Funds are used to account for assets held by the Village in a trustee or agency capacity for individuals, private organizations, other governments and/or other funds.



# **VILLAGE OF ELK RAPIDS**

## **NOTES TO FINANCIAL STATEMENTS**

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### **Account Groups**

#### **General Fixed Assets Account Group**

This account group is established to account for all the fixed assets of the Village other than those accounted for in the Proprietary Funds.

#### **General Long-Term Debt Account Group**

This account group is established to account for all unmatured long-term indebtedness of the Village that is not directly related to and expected to be paid from Proprietary Fund Types.

#### **Total Columns on Combined Statements**

The total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or cash flows in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

### **Basis Of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental and Agency Funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance expenditures of the current period. Significant revenues susceptible to accrual include taxpayer-assessed income, sales taxes, state and federal sources and intergovernmental revenues. Other revenues sources such as licenses, permits, charges for services, sales, fees, fines, rentals and others are recorded as revenues when received in cash because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred with certain exceptions such as interest on long-term debt which is generally recognized when due.

All Governmental Funds are accounted for on a spending or "financial flow" measurement focus. This means that generally only current assets and current liabilities are included on the balance sheets. The reported fund balance (net current assets) is considered a measure of "available spendable resources".

# **VILLAGE OF ELK RAPIDS**

## **NOTES TO FINANCIAL STATEMENTS**

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Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

All Proprietary Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

All Proprietary Funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all liabilities (whether current or non-current) associated with the activity are included on the balance sheets. The reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The Village has elected to apply Governmental Accounting Standards Board (GASB) Statement No. 20, paragraph 7, which allows the Village to apply only those Financial Accounting Standards Board pronouncements issued before November 30, 1989 to the Village’s Proprietary Funds.

### **Budgets And Budgetary Control**

Budgets for the General and Special Revenue Funds are adopted and amended on a basis consistent with accounting principles generally accepted in the United States of America.

Appropriations are approved by the Village Council at the activity level for the General Fund and at the functional level for the Special Revenue Funds.

The Village Manager is authorized to transfer budgeted amounts between accounts within the same activity in the General Fund. Revisions that alter the total expenditures of any fund or total department activity in the General Fund must be approved by the Village Council.

### **Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Village because it is at present considered not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

### **Cash And Cash Equivalents**

Cash and cash equivalents consist of checking and sweep investment accounts with Alden State Bank.

# **VILLAGE OF ELK RAPIDS**

## **NOTES TO FINANCIAL STATEMENTS**

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### **Restricted Assets – Cash And Cash Equivalents**

Certain resources set aside for the repayment of principal and interest and capital improvements are classified as restricted cash on the balance sheet because their use is limited by applicable bond and trust agreements.

### **Receivables**

All receivables are reported at their gross value.

### **Due To/From Other Funds**

During the course of its operations, the Village has numerous transactions between funds and its component unit to finance operations, provide services, construct assets and service debt. To the extent that certain transactions between funds and the component unit have not been paid or received as of fiscal year end, balances of interfund and component unit accounts receivable or payable have been recorded.

### **Inventory**

Inventories recorded in Proprietary Funds are expensed as consumed and are valued at the lower of cost (first-in, first-out method) or market. In other funds, payments for inventory type supplies are generally recorded as expenditures at the time of purchase.

### **Fixed Assets**

Fixed assets used in governmental type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain (infrastructure) general fixed assets consisting of bridges, curbs and gutters, streets, sidewalks, drainage systems, lighting systems and similar assets that are immovable and of value only to the Village are excluded from the General Fixed Asset Account Group. No depreciation has been provided on general fixed assets.

Fixed assets are valued at historical cost or estimated historical costs if actual historical cost is not available. Donated fixed assets are valued at their fair value on the date donated.

Depreciation of all exhaustible fixed assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is reported on Proprietary Fund balance sheets. Depreciation has been provided over the estimated useful lives of the various assets using the straight-line method.

# VILLAGE OF ELK RAPIDS

## NOTES TO FINANCIAL STATEMENTS

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The estimated useful lives are as follows:

	<u>Depreciable life - years</u>	
	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>
Buildings and improvements	20 – 50 years	20-50 years
Machinery and equipment	5 – 10 years	5-10 years
Systems and improvements	20-50 years	n/a
Vehicles	5 years	5 years

### **Long-Term Debt**

Long-term liabilities to be funded by Governmental Funds are reported in the General Long-Term Debt Account Group. Long-term debt obligations to be funded by Proprietary Funds are recorded as a liability in the respective fund.

### **Compensated Absences**

Vacation and sick days for Village employees are determined based on contracts with Village employees. The estimated amount due to employees as of February 29, 2004 is accrued in the General Long-Term Debt Account Group for governmental fund types. Both current and long-term portions of the liability are recorded in the Proprietary fund types. Current portions pertaining to governmental fund types are not material.

### **Fund Equity**

The unreserved undesignated fund balances for governmental funds represent the amount available for budgeting future operations. Unreserved retained earnings for Proprietary Funds represent the net assets available for future operations or distributions. Reserved fund balance for Governmental Funds represents that portion of fund equity, which has been legally segregated for specific purposes and/or does not constitute current available spending resources. Reserved retained earnings for Proprietary Funds represent the net assets that have been legally identified for specific purposes. Designated fund balance indicates that portion of fund equity for which the Village has made tentative plans.

### **Property Taxes**

Village property taxes are attached as an enforceable lien on property as of July 1. Taxes are levied July 1 and are due without penalty on or before September 14. The Village levies taxes for general operating purposes, waste collection services and municipal streets.

Real property taxes not collected as of September 14 are assessed a penalty and turned over to Antrim County on February 28 for collection. The County remits the collections to the Village until the delinquent tax settlement date. Collection of delinquent personal property taxes remains the responsibility of the Village Treasurer.

# VILLAGE OF ELK RAPIDS

## NOTES TO FINANCIAL STATEMENTS

### Grants And Other Intergovernmental Revenues

State grants and assistance awards for all governmental type funds are recorded as intergovernmental revenue in accordance with the terms of the respective grants.

### Interfund Transfers

During the course of normal operations, the Village has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets and service debt. The accompanying general purpose financial statements generally reflect such transactions as operating transfers. Operating subsidies are also recorded as operating transfers. The classification of amounts recorded as subsidies, advances or equity contributions is determined by Village management.

### Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended February 29, 2004, the Village carried commercial insurance to cover all risk of losses. The worker's compensation insurance is the only retrospectively rated policy; any premiums accrued are based on the ultimate cost of the experience to date of the Village. The Village has had no settled claims resulting from these risks that exceeded their commercial coverage in the past three fiscal years.

### Budgetary Information

The following funds had excess of expenditures over appropriation at the legal level of budgetary control:

	Amended <u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Village manager	\$ 50,410	\$ 52,540	\$ 2,130
Village hall administration	114,910	414,540	299,630
Parks and maintenance	121,667	166,712	45,045
Special Revenue			
Major street	134,718	136,718	2,000
Local street	108,418	109,436	1,018
Municipal Street	29,500	30,143	643

### Deficit Fund Equity

For the year ended February 29, 2004, the General and Government Building Capital Project Funds have a deficit unreserved fund balances of \$122,596 and \$121,128 respectively. In the General and Government Building Capital Project Fund expenditures were incurred by the fund for the construction of the Village Hall, which were paid with long-term advances from the

# VILLAGE OF ELK RAPIDS

## NOTES TO FINANCIAL STATEMENTS

Enterprise Funds. The deficit fund balance will be eliminated in the General Fund through future release of captured taxes and the Government Building Capital Project fund through the sale of the former Village Hall.

### 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

#### *Deposits*

The captions on the combined balance sheet related to cash and cash equivalents and the amounts in the Total (Memorandum Only) Reporting Entity column are as follows at February 29, 2004:

	<b>Primary Government <u>Deposits</u></b>	<b>Component Unit <u>Deposits</u></b>
Cash and cash equivalents	\$ 1,764,237	\$ 211,563
Restricted assets – cash and cash equivalents	<u>170,703</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 1,934,940</u></b>	<b><u>\$ 211,563</u></b>

The Village has deposits in sweep accounts that result in a portion of their funds being held in Local Units of Government (L.U.G.) accounts for short periods of time. The balance held in these L.U.G. accounts cannot be determined and, therefore, they are included with the checking account as deposits.

At year-end, the carrying amount of the Village's deposits was \$2,146,503. The cash balance for the component unit is unable to be determined because of the funds being pooled with the primary government. The bank balance of both the primary government and component unit is \$2,215,325 and is classified as to risk as follows:

	<b><u>Bank Balance</u></b>
Insured (FDIC)	\$ 101,546
Uninsured – uncollateralized	<u>2,113,779</u>
<b>Total deposits</b>	<b><u>\$ 2,215,325</u></b>

#### *Investments*

State statutes authorize the Village to invest surplus funds in obligations of the U.S. Treasury and U.S. agencies, deposit agreements with federally insured financial institutions within the State of Michigan, high grade commercial paper, repurchase obligations of the U.S. Government and U.S. agencies, banker's acceptances of U.S. banks and mutual funds comprised of the above authorized investments.

# VILLAGE OF ELK RAPIDS

## NOTES TO FINANCIAL STATEMENTS

### 3. FIXED ASSETS

The component of the General Fixed Asset Account Group and changes therein are summarized as follows:

	<u>Balances March 1, 2003</u>	<u>Additions</u>	<u>Balances February 29, 2004</u>
Land and buildings	\$ 1,148,155	\$ 310,000	\$1,458,155
Improvements other than buildings	1,875,163	-	1,875,163
Equipment and office Furniture	<u>473,864</u>	<u>-</u>	<u>473,864</u>
<b>Total</b>	<b><u>\$ 3,497,182</u></b>	<b><u>\$ 310,000</u></b>	<b><u>\$3,807,182</u></b>

A summary of proprietary fund type property and equipment is as follows at February 29, 2004:

	<u>Enterprise Funds</u>	<u>Internal Service Fund</u>	<u>Total</u>
Land	\$ 26,430	\$ 14,012	\$ 40,442
Buildings	63,362	75,434	138,796
Improvements to systems	11,983,864	-	11,983,864
Machinery and equipment	127,233	359,657	486,890
Vehicles	<u>-</u>	<u>394,833</u>	<u>394,833</u>
<b>Total</b>	<b>12,200,889</b>	<b>843,936</b>	<b>13,044,825</b>
Less accumulated depreciation	<u>3,382,723</u>	<u>611,272</u>	<u>3,993,995</u>
<b>Net property, plant and equipment</b>	<b><u>\$8,818,166</u></b>	<b><u>\$ 232,664</u></b>	<b><u>\$ 9,050,830</u></b>

### 4. DEFINED CONTRIBUTION PLAN

The Village sponsors the "Village of Elk Rapids Employee Pension Plan and Trust" defined contribution plan created in accordance with Internal Revenue Code Section 401(a). The plan is available to all full-time employees who have completed one year of service. Participants vest 20% each year for the first five years of service and are 100% vested thereafter. Participants are required to contribute 10% of their base pay and the Village is required to contribute an amount equal to 10% of the participant's base pay.

# VILLAGE OF ELK RAPIDS

## NOTES TO FINANCIAL STATEMENTS

The plan is administered by third-party trustees. Plan provisions and contribution requirements were established and can only be amended by authorization of the Village Council. For the year ended February 29, 2004, the Village and eligible employees contributed \$49,148.

### 5. ADVANCE TO AND ADVANCE FROM OTHER FUNDS

The long term interfund receivables and payables are as follows as of February 29, 2004:

<u>Advance To</u>		<u>Advance From</u>	
Enterprise		General	340,000
Water	149,100	Enterprise	
Sewer	149,100	Water	149,100
Harbor	390,000	Sewer	149,100
		Waste collection	50,000
Total	<u>\$ 688,200</u>		<u>\$ 688,200</u>

Each fund has scheduled payments until 2023 at an interest rate of 3.04%. The future payments including principal and interest for the General Fund, Water and Sewer Enterprise Fund, and the Waste Collection Enterprise Fund are \$22,937, \$10,059, and \$3,373, respectively.

### 6. LONG-TERM DEBT

A summary of long-term obligations is as follows at February 29, 2004:

	<u>Final Maturity Date</u>	<u>Interest Rates</u>	<u>Outstanding Balance</u>
<b>Enterprise Funds</b>			
Water Supply System Revenue Bond, Series 1989	2010	8.6% – 7.3%	\$ 195,000
Water Supply System Revenue Bond, Series 1996	2006	5.75%	32,000
Marina Revenue Refunding Bond, Series 1996	2004	4.65% – 5.4%	59,000
Marina Revenue Bond, Series 2000	2019	4.75% – 5.25%	<u>960,000</u>
<b>Total Enterprise Funds</b>			<u><b>1,246,000</b></u>



# VILLAGE OF ELK RAPIDS

## NOTES TO FINANCIAL STATEMENTS

	<u>Final Maturity Date</u>	<u>Interest Rates</u>	<u>Outstanding Balance</u>
<b>Internal Service Funds</b>			
Street Sweeper Note Payable	2006	4.0%	<u>18,605</u>
<b>General Long-Term Debt Account Group</b>			
General Obligation Water Bonds, Series 2000	2020	6.0%	500,000
Capital Improvement Bond – Bridge Street	2019	2.25%-4.45%	525,000
Note Payable for land purchase	2009	2.5%	310,000
Accrued Vacation and Sick Pay			<u>30,756</u>
<b>Total General Long-Term Debt Account Group</b>			<u><b>1,365,756</b></u>
<b>Total Primary Government</b>			<u><b>\$ 2,630,361</b></u>
<b>Component Unit</b>			
Downtown Development Authority (DDA)			
1996 Michigan Transportation Fund Bonds	2011	4.15% – 5.16%	\$ 255,000
1994 DDA, Series A Bonds	2008	8.0% – 5.0%	500,000
1994 DDA, Series B Bonds	2008	8.0% – 7.1%	<u>215,000</u>
<b>Total Component Unit</b>			<u><b>\$ 970,000</b></u>
<b>Total Reporting Entity</b>			<u><b>\$ 3,600,361</b></u>

The principal and interest in the revenue bonds is to be paid from the net revenues from the respective water supply system and harbor operations.

The Water Bonds Series 2000 and Capital Improvement Bridge Street General Obligation Bond Issues are recorded in the General Long-Term Debt Account Group and is funded by the Village's limited tax obligation. Debt service requirements are funded by property tax revenues and reserves within the Debt Service Fund.

The 1996 Michigan Transportation Fund Bonds, 1994 DDA Series A, and 1994 DDA Series B General Obligation Bonds within the Component Unit have the Village's limited tax obligation. The payments of principal and interest are made from tax increment financing proceeds of the affected districts.

# VILLAGE OF ELK RAPIDS

## NOTES TO FINANCIAL STATEMENTS

Following is a summary of bond, note and accrued sick and vacation transactions of the Village including the Downtown Development Authority Component Unit for the year ending February 29, 2004:

	<u>Primary Government</u>				<u>Discretely Presented Component Unit</u>
	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Note Payable</u>	<u>Accrued Vacation</u>	<u>General Obligation Bonds</u>
Balances payable March 1, 2003	\$ 510,000	\$1,342,000	\$ 27,375	\$ 29,297	\$ 1,115,000
Note proceeds	525,000	-	310,000	-	-
Net accrual of sick and vacation liability	-	-	-	1,459	-
Bonds and notes payments	<u>(10,000)</u>	<u>(96,000)</u>	<u>(8,770)</u>	<u>-</u>	<u>(145,000)</u>
<b>Balance payable, February 29, 2004</b>	<b><u>\$1,025,000</u></b>	<b><u>\$1,246,000</u></b>	<b><u>\$ 328,605</u></b>	<b><u>\$ 30,756</u></b>	<b><u>\$ 970,000</u></b>

# VILLAGE OF ELK RAPIDS

## NOTES TO FINANCIAL STATEMENTS

General long-term debt and proprietary fund debt annual requirements, including interest on bond indebtedness and notes payable of \$1,839,112 for general long-term debt obligations and \$1,740,403 for proprietary for the funds, and excluding sick and vacation pay are as follows for the year ended February 29, 2004 and thereafter:

Year Ended February 29, 2004	Primary Government				Discretely Presented Component Unit
	General Obligation Bonds	Revenue Bonds	Note Payable	Total Primary Government	General Obligation Bonds
2005	\$ 88,394	\$ 165,741	\$ 45,285	\$ 299,420	\$ 204,941
2006	86,900	141,793	45,285	273,978	200,625
2007	95,125	139,289	35,420	269,834	210,935
2008	93,063	128,245	35,420	256,728	211,285
2009	95,775	128,608	199,977	424,360	210,928
2010-2014	473,886	551,262	-	1,025,148	119,433
2015-2019	468,912	465,375	-	934,287	-
2020-2021	95,400	-	-	95,400	-
<b>Total</b>	<b><u>\$ 1,497,455</u></b>	<b><u>\$1,720,313</u></b>	<b><u>\$ 361,387</u></b>	<b><u>\$3,579,155</u></b>	<b><u>\$ 1,158,147</u></b>

Total interest expense for the Village for the year ended February 29, 2004 was \$109,926 for the primary government and \$65,263 for the discretely presented component unit.

### 7. CONTRIBUTED CAPITAL

The following is a summary of changes in contributed capital for the year ended February 29, 2004:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Harbor Fund</u>
Balance – March 1, 2003	\$1,251,334	\$ 2,302,556	\$1,178,440
Less: depreciation on fixed assets – current year	<u>(17,491)</u>	<u>(31,514)</u>	<u>(23,332)</u>
<b>Balance – February 29, 2004</b>	<b><u>\$1,233,843</u></b>	<b><u>\$ 2,271,042</u></b>	<b><u>\$1,155,108</u></b>

# VILLAGE OF ELK RAPIDS

## NOTES TO FINANCIAL STATEMENTS

### 8. FUND BALANCE AND RETAINED EARNINGS RESERVATIONS

The reserves of fund balances and retained earnings are comprised of the following as of February 29, 2004:

	Governmental Funds			Proprietary Funds		Component
	Special Revenue	Debt Service	Capital Projects	Enterprise	Total	Unit
Fund Balance						
Debt Service	\$ -	\$34,139	\$ -	\$ -	\$ 34,139	\$ 599
Capital Projects	-	-	69,879	-	69,879	-
Prepaid items	963	-	-	-	963	-
Retained Earnings						
Restricted assets	-	-	-	69,703	69,703	-
<b>Total Fund Balance/ Retained Earnings Reserves</b>	<b>\$ 963</b>	<b>\$34,139</b>	<b>\$ 69,879</b>	<b>\$ 69,703</b>	<b>\$174,684</b>	<b>\$ 599</b>

### 9. SEGMENT INFORMATION – ENTERPRISE FUNDS

The Village maintains four Enterprise Funds that provide water, sewer, waste collection and harbor services. Segment information for the year ended February 29, 2004, was as follows:

	Water Fund	Sewer Fund	Waste Collection Fund	Harbor Fund	Total Enterprise Funds
Operating revenues	\$ 353,361	\$ 378,576	\$ 68,755	\$ 743,200	\$ 1,543,892
Depreciation	57,446	84,395	2,206	121,693	265,740
Operating income (loss)	98,660	(22,588)	(132,764)	90,051	33,359
Tax revenues	-	-	134,216	-	134,216
Net income (loss)	(34,629)	(132,373)	(47,850)	(66,660)	(281,512)
Reductions in contributed capital	(17,491)	(31,514)	-	(23,332)	(72,337)
Plant, property and equipment additions	-	-	-	33,163	33,163
Net working capital	188,368	253,775	30,758	297,860	770,761
Total assets	2,459,147	2,803,710	70,587	5,696,876	11,030,320
Revenue bonds outstanding	227,000	-	-	1,019,000	1,246,000
Total equity					
Contributed capital	1,233,843	2,271,042	-	1,155,108	4,659,993
Retained earnings	836,228	362,745	12,631	3,100,875	4,312,479

# VILLAGE OF ELK RAPIDS

## NOTES TO FINANCIAL STATEMENTS

### 10. CONTINGENCIES

Under the terms of State grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. However, Village management does not believe such disallowances, if any, will be material to the financial position of the Village.

### 11. INTERFUND RECEIVABLES AND PAYABLES

The amounts of interfund receivables and payables at February 29, 2004, are as follows:

<b>Fund</b>	<b><u>Due From</u></b>	<b>Fund</b>	<b><u>Due To</u></b>
General	\$ 31,128	Capital Project Government Building	\$ 111,128
Capital Project General Capital Projects	<u>80,000</u>		
Total	<u>\$ 111,128</u>		

### 12. COMMITMENT

The Village entered into a contract previous to fiscal year 2004 with Kal Excavating for the Bridge Street Construction Project. Current year costs were approximately \$780,000. Estimated project costs to be complete the project during the year end February 28, 2005 are \$26,000.

\* \* \* \* \*

**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

## **GENERAL FUND**

# VILLAGE OF ELK RAPIDS

## GENERAL FUND BALANCE SHEETS

**FEBRUARY 29, 2004**  
**(with comparative totals as of February 28, 2003)**

<b>ASSETS</b>	<b>February 29, 2004</b>	<b>February 28, 2003</b>
Cash and cash equivalents	\$ 127,792	\$ 133,273
Receivables		
Accounts	3,887	13,541
Taxes	35,232	29,779
Due from other funds	31,128	-
Due from state	43,337	52,315
Prepaid items	4,688	4,975
<b>TOTAL ASSETS</b>	<b>\$ 246,064</b>	<b>\$ 233,883</b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 4,983	\$ 1,677
Accrued liabilities	23,677	19,382
Advance from other fund	340,000	-
<b>TOTAL LIABILITIES</b>	<b>368,660</b>	<b>21,059</b>
<b>FUND BALANCE</b>		
Reserved	-	4,975
Unreserved		
Designated for subsequent years' expenditures	-	119,360
Undesignated (deficit)	(122,596)	88,489
<b>TOTAL FUND BALANCE (DEFICIT)</b>	<b>(122,596)</b>	<b>212,824</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 246,064</b>	<b>\$ 233,883</b>



# VILLAGE OF ELK RAPIDS

## GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE AMENDED BUDGET AND ACTUAL

YEAR ENDED FEBRUARY 29, 2004

	AMENDED BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
<b>REVENUES</b>			
Taxes	\$ 547,887	\$ 548,905	\$ 1,018
Licenses and permits	26,705	28,758	2,053
State sources	163,944	152,993	(10,951)
Contribution from local governments	343,355	3,355	(340,000)
Charges for services	3,850	5,660	1,810
Fines and forfeits	6,500	9,199	2,699
Interest	1,000	4,204	3,204
Reimbursements	49,955	49,955	-
Other	4,000	3,360	(640)
<b>TOTAL REVENUES</b>	<b>1,147,196</b>	<b>806,389</b>	<b>(340,807)</b>
<b>EXPENDITURES</b>			
<b>GENERAL GOVERNMENT</b>			
Village manager			
Salary and wages	33,205	38,850	(5,645)
Fringes	12,305	9,011	3,294
Supplies	950	1,484	(534)
Workshops and conferences	2,100	1,967	133
Insurance	-	83	(83)
Other charges	1,850	1,145	705
<b>Total Village manager</b>	<b>50,410</b>	<b>52,540</b>	<b>(2,130)</b>
Elections			
Supplies	850	65	785
Contractual services	1,200	280	920
Printing and publishing	300	239	61
<b>Total Elections</b>	<b>2,350</b>	<b>584</b>	<b>1,766</b>
General services administration			
Salary and wages	16,800	18,690	(1,890)
Fringes	1,320	1,506	(186)
Contractual services	17,100	17,247	(147)
Attorney fees	11,000	7,556	3,444
Audit fees	2,745	2,745	-
Workshops and conferences	13,000	9,036	3,964
Community promotion	6,000	3,764	2,236
Insurance	13,361	13,361	-
Other charges	12,200	14,307	(2,107)
<b>Total General services administration</b>	<b>93,526</b>	<b>88,212</b>	<b>5,314</b>

(continued)

# VILLAGE OF ELK RAPIDS

## GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE AMENDED BUDGET AND ACTUAL

YEAR ENDED FEBRUARY 29, 2004

	AMENDED BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
Village hall administration			
Salary and wages	\$ 61,294	53,253	\$ 8,041
Fringes	11,467	12,322	(855)
Supplies	6,800	8,472	(1,672)
Contractual services	4,800	1,774	3,026
Printing and publishing	5,000	5,471	(471)
Postage	4,100	4,131	(31)
Phone	3,000	3,641	(641)
Workshops and conferences	2,500	1,011	1,489
Insurance	1,924	2,080	(156)
Utilities	3,000	3,154	(154)
Repair and maintenance	2,000	2,273	(273)
Hydrant rental	6,000	6,000	-
Other charges	3,025	958	2,067
Total Village hall administration	114,910	104,540	10,370
Planning and zoning			
Salary and wages	39,780	38,778	1,002
Fringes	16,588	16,210	378
Contractual services	2,200	514	1,686
Contractual services - planner	1,000	-	1,000
Phone	1,600	1,375	225
Workshops and conferences	4,000	2,860	1,140
Printing and publishing	4,200	2,527	1,673
Other charges	6,400	3,829	2,571
Total Planning and zoning	75,768	66,093	9,675
<b>TOTAL GENERAL GOVERNMENT</b>	<b>336,964</b>	<b>311,969</b>	<b>24,995</b>
<b>PUBLIC SAFETY</b>			
Police			
Salary and wages	197,850	190,970	6,880
Fringes	79,785	68,284	11,501
Uniforms	6,500	6,071	429
Supplies	4,800	2,914	1,886
Fuel	5,000	3,801	1,199
Repair and maintenance	10,000	7,341	2,659
Phone	3,500	3,134	366
Workshop and conferences	2,500	2,084	416
Printing and publishing	750	471	279
Insurance	9,698	9,781	(83)
Utilities	4,500	4,657	(157)
Other charges	6,900	6,055	845
<b>TOTAL PUBLIC SAFETY</b>	<b>331,783</b>	<b>305,563</b>	<b>26,220</b>

(continued)

# VILLAGE OF ELK RAPIDS

## GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE AMENDED BUDGET AND ACTUAL

YEAR ENDED FEBRUARY 29, 2004

	AMENDED BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
<b>RECREATION AND CULTURAL</b>			
Parks and maintenance			
Salary and wages	\$ 46,710	\$ 53,742	\$ (7,032)
Fringes	20,050	16,533	3,517
Supplies	6,500	1,826	4,674
Contractual services	25,000	20,280	4,720
Repair and maintenance	8,000	10,570	(2,570)
Printing and publishing	200	-	200
Insurance	1,587	1,587	-
Utilities	5,000	9,863	(4,863)
Equipment rental	-	44,787	(44,787)
Other charges	8,620	7,524	1,096
<b>Total Parks and maintenance</b>	<b>121,667</b>	<b>166,712</b>	<b>(45,045)</b>
Beautification department			
Supplies	1,500	980	520
Contractual services	36,072	6,076	29,996
Other charges	1,900	1,042	858
<b>Total Beautification department</b>	<b>39,472</b>	<b>8,098</b>	<b>31,374</b>
<b>TOTAL RECREATION AND CULTURAL</b>	<b>161,139</b>	<b>174,810</b>	<b>(13,671)</b>
<b>CAPITAL OUTLAY</b>	<b>5,035</b>	<b>312,167</b>	<b>(307,132)</b>
<b>TOTAL EXPENDITURES</b>	<b>834,921</b>	<b>1,104,509</b>	<b>(269,588)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>312,275</b>	<b>(298,120)</b>	<b>(610,395)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Note payable proceeds	-	310,000	310,000
Operating transfers out	(394,030)	(347,300)	(46,730)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(394,030)</b>	<b>(37,300)</b>	<b>356,730</b>
<b>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(81,755)</b>	<b>(335,420)</b>	<b>(253,665)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>212,824</b>	<b>212,824</b>	<b>-</b>
<b>FUND BALANCE (DEFICIT) - END OF YEAR</b>	<b>\$ 131,069</b>	<b>\$ (122,596)</b>	<b>\$ (253,665)</b>

**SPECIAL REVENUE FUNDS**

**VILLAGE OF ELK RAPIDS, MICHIGAN**

**SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET**

**FEBRUARY 29, 2004**  
**(with comparative totals as of February 28, 2003)**

ASSETS	MAJOR STREETS	LOCAL STREETS	MUNICIPAL STREETS	TOTALS	
				February 29, 2004	February 28, 2003
Cash and equivalents	\$ 96,062	\$ 55,980	\$ 66,895	\$ 218,937	\$ 326,703
Taxes receivable	-	-	10,963	10,963	10,242
Due from other governments	31,137	17,289	-	48,426	28,157
Prepaid items	493	470	-	963	-
<b>TOTAL ASSETS</b>	<b>\$ 127,692</b>	<b>\$ 73,739</b>	<b>\$ 77,858</b>	<b>\$ 279,289</b>	<b>\$ 365,102</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 2,590	\$ 1,968	\$ 1,541	\$ 6,099	\$ 2,046
Accrued liabilities	3,204	3,064	-	6,268	4,182
<b>TOTAL LIABILITIES</b>	<b>5,794</b>	<b>5,032</b>	<b>1,541</b>	<b>12,367</b>	<b>6,228</b>
<b>FUND BALANCES</b>					
Reserved	493	470	-	963	-
Unreserved					
Designated for subsequent years expenditures	-	-	-	-	310,000
Undesignated	121,405	68,237	76,317	265,959	48,874
<b>TOTAL FUND BALANCES</b>	<b>121,898</b>	<b>68,707</b>	<b>76,317</b>	<b>266,922</b>	<b>358,874</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 127,692</b>	<b>\$ 73,739</b>	<b>\$ 77,858</b>	<b>\$ 279,289</b>	<b>\$ 365,102</b>

**VILLAGE OF ELK RAPIDS, MICHIGAN**

**SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**

**YEAR ENDED FEBRUARY 29, 2004**  
**(with comparative totals for the year ended February 28, 2003)**

	MAJOR STREET	LOCAL STREET	MUNICIPAL STREET	TOTALS	
				February 29, 2004	February 28, 2003
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ 184,159	\$ 184,159	\$ 167,539
State sources	121,299	53,536	-	174,835	168,484
Interest	2,417	2,039	974	5,430	6,088
Other	2,196	1,122	-	3,318	5,306
<b>TOTAL REVENUES</b>	125,912	56,697	185,133	367,742	347,417
<b>EXPENDITURES</b>					
Highways and streets	136,718	109,436	30,143	276,297	358,480
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(10,806)	(52,739)	154,990	91,445	(11,063)
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfer in	-	-	5,760	5,760	136,000
Operating transfer out	-	-	(109,163)	(109,163)	(189,316)
Operating transfer to component unit	-	-	(5,000)	(5,000)	(10,615)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	(108,403)	(108,403)	(63,931)
<b>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	(10,806)	(52,739)	46,587	(16,958)	(74,994)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	132,704	121,446	29,730	283,880	358,874
<b>FUND BALANCE - END OF YEAR</b>	\$ 121,898	\$ 68,707	\$ 76,317	\$ 266,922	\$ 283,880

# VILLAGE OF ELK RAPIDS, MICHIGAN

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL MAJOR STREET FUND

YEAR ENDED FEBRUARY 29, 2004

	AMENDED BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
<b>REVENUES</b>			
State sources	\$ 119,563	\$ 121,299	\$ 1,736
Interest	1,000	2,417	1,417
Other	-	2,196	2,196
<b>TOTAL REVENUES</b>	<u>120,563</u>	<u>125,912</u>	<u>5,349</u>
<b>EXPENDITURES</b>			
Highway and streets			
Routine maintenance			
Salary and wages	32,244	36,521	(4,277)
Fringe benefits	13,950	13,328	622
Supplies	3,000	647	2,353
Contractual services	7,459	6,818	641
Repair and maintenance	11,500	10,426	1,074
Equipment rent	22,937	22,937	-
Other	3,120	2,801	319
Total Routine maintenance	<u>94,210</u>	<u>93,478</u>	<u>732</u>
Winter maintenance			
Salary and wages	9,030	10,946	(1,916)
Fringe benefits	2,870	4,184	(1,314)
Supplies	4,000	3,502	498
Equipment rent	24,608	24,608	-
Total Winter maintenance	<u>40,508</u>	<u>43,240</u>	<u>(2,732)</u>
<b>TOTAL EXPENDITURES</b>	<u>134,718</u>	<u>136,718</u>	<u>(2,000)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(14,155)</u>	<u>(10,806)</u>	<u>3,349</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>132,704</u>	<u>132,704</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 118,549</u>	<u>\$ 121,898</u>	<u>\$ 3,349</u>

# VILLAGE OF ELK RAPIDS, MICHIGAN

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - AMENDED BUDGET AND ACTUAL LOCAL STREET FUND

YEAR ENDED FEBRUARY 29, 2004

	AMENDED BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
<b>REVENUES</b>			
State sources	\$ 51,683	\$ 53,536	\$ 1,853
Interest	1,500	2,039	539
Other	500	1,122	622
<b>TOTAL REVENUES</b>	<b>53,683</b>	<b>56,697</b>	<b>3,014</b>
<b>EXPENDITURES</b>			
Highway and streets			
Routine maintenance			
Salary and wages	29,005	28,988	17
Fringe benefits	11,780	11,275	505
Supplies	2,000	1,442	558
Contractual services	3,437	2,970	467
Repair and maintenance	12,548	12,271	277
Equipment rent	17,000	17,000	-
Other	3,120	2,801	319
Total Routine maintenance	78,890	76,747	2,143
Winter maintenance			
Salary and wages	11,450	11,020	430
Fringe benefits	3,795	5,027	(1,232)
Supplies	-	2,359	(2,359)
Equipment rent	14,283	14,283	-
Total Winter maintenance	29,528	32,689	(3,161)
<b>TOTAL EXPENDITURES</b>	<b>108,418</b>	<b>109,436</b>	<b>(1,018)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(54,735)</b>	<b>(52,739)</b>	<b>1,996</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>121,446</b>	<b>121,446</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 66,711</b>	<b>\$ 68,707</b>	<b>\$ 1,996</b>



# VILLAGE OF ELK RAPIDS, MICHIGAN

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - AMENDED BUDGET AND ACTUAL MUNICIPAL STREET FUND

YEAR ENDED FEBRUARY 29, 2004

	AMENDED BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
<b>REVENUES</b>			
Taxes	\$ 236,200	\$ 184,159	\$ (52,041)
Interest	500	974	474
<b>TOTAL REVENUES</b>	<u>236,700</u>	<u>185,133</u>	<u>(51,567)</u>
<b>EXPENDITURES</b>			
Highway and streets			
Street lighting	29,000	30,114	(1,114)
Other charges	500	29	471
<b>TOTAL EXPENDITURES</b>	<u>29,500</u>	<u>30,143</u>	<u>(643)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>207,200</u>	<u>154,990</u>	<u>(52,210)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfer in	5,760	5,760	-
Operating transfer (out)	(109,163)	(109,163)	-
Operating transfer to component unit	(5,000)	(5,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(108,403)</u>	<u>(108,403)</u>	<u>-</u>
<b>REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<u>98,797</u>	<u>46,587</u>	<u>(52,210)</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>29,730</u>	<u>29,730</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 128,527</u>	<u>\$ 76,317</u>	<u>\$ (52,210)</u>

## **DEBT SERVICE FUNDS**

**VILLAGE OF ELK RAPIDS, MICHIGAN**

**DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET**

**FEBRUARY 29, 2004**

ASSETS	SPECIAL ASSESSMENT DISTRICT 80-1 & 2	BRIDGE STREET	RIVER CROSSING	TOTAL
Cash	\$ -	\$ 523	\$ 31,120	\$ 31,643
Taxes receivable	-	-	2,496	2,496
<b>TOTAL ASSETS (Equal to Fund Balance Reserved for Debt Service)</b>	<b>\$ -</b>	<b>\$ 523</b>	<b>\$ 33,616</b>	<b>\$ 34,139</b>

**VILLAGE OF ELK RAPIDS, MICHIGAN**  
**DEBT SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**

**YEAR ENDED FEBRUARY 29, 2004**

	SPECIAL ASSESSMENT DISTRICT 80-1 & 2	BRIDGE STREET	RIVER CROSSING	TOTAL
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ 43,382	\$ 43,382
Interest	7	23	1,263	1,293
<b>TOTAL REVENUES</b>	<u>7</u>	<u>23</u>	<u>44,645</u>	<u>44,675</u>
<b>EXPENDITURES</b>				
Debt service				
Principal	-	-	10,000	10,000
Interest and fees	-	9,563	29,743	39,306
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>9,563</u>	<u>39,743</u>	<u>49,306</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>7</u>	<u>(9,540)</u>	<u>4,902</u>	<u>(4,631)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfer in	-	10,063	-	10,063
Operating transfer (out)	(396)	-	-	(396)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(396)</u>	<u>10,063</u>	<u>-</u>	<u>9,667</u>
<b>REVENUES AND OTHER SOURCES OVER (UNDER) AND EXPENDITURES AND OTHER FINANCING USES</b>	<u>(389)</u>	<u>523</u>	<u>4,902</u>	<u>5,036</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>389</u>	<u>-</u>	<u>28,714</u>	<u>29,103</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 523</u>	<u>\$ 33,616</u>	<u>\$ 34,139</u>

## **CAPITAL PROJECTS FUNDS**

**VILLAGE OF ELK RAPIDS, MICHIGAN**

**CAPITAL PROJECT FUNDS  
COMBINING BALANCE SHEET**

**FEBRUARY 29, 2004**

<b>ASSETS</b>	<b>GENERAL CAPITAL PROJECTS</b>	<b>SOUTHWEST VILLAGE PROJECT</b>
Cash and cash equivalents	\$ 10,144	\$ 2,563
Due from other funds	80,000	-
<b>TOTAL ASSETS</b>	<b>\$ 90,144</b>	<b>\$ 2,563</b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Due to other funds	\$ -	\$ -
Deposit payable	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>		
Reserved for capital projects (deficit)	90,144	2,563
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 90,144</b>	<b>\$ 2,563</b>

BRIDGE STREET	GOVERNMENT BUILDING	RIVER CROSSING	TOTAL
\$ 98,300	\$ -	\$ -	\$ 111,007
-	-	-	80,000
<u>\$ 98,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191,007</u>
\$ -	\$ 111,128	\$ -	\$ 111,128
-	10,000	-	10,000
-	121,128	-	121,128
98,300	(121,128)	-	69,879
<u>\$ 98,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191,007</u>

**VILLAGE OF ELK RAPIDS, MICHIGAN**

**CAPITAL PROJECT FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES**

**YEAR ENDED FEBRUARY 29, 2004**

	GENERAL CAPITAL PROJECTS	SOUTHWEST VILLAGE PROJECT
<b>REVENUES</b>		
Contributions from local governments	\$ 4,600	\$ -
Interest	1,480	864
Other	2,728	1,501
<b>TOTAL REVENUES</b>	<u>8,808</u>	<u>2,365</u>
<b>EXPENDITURES</b>		
Capital outlay	<u>8,442</u>	<u>7,045</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>366</u>	<u>(4,680)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Bond proceeds	-	-
Operating transfers in	28,300	-
Operating transfers from component unit	-	-
Operating transfers out	-	(38,280)
Operating transfers to component unit	<u>-</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>28,300</u>	<u>(38,280)</u>
<b>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	28,666	(42,960)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>61,478</u>	<u>45,523</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 90,144</u></u>	<u><u>\$ 2,563</u></u>



BRIDGE STREET	GOVERNMENT BUILDING	RIVER CROSSING	TOTAL
\$ -	\$ -	\$ -	\$ 4,600
4,607	5,137	-	12,088
-	235	-	4,464
4,607	5,372	-	21,152
883,580	1,041,900	-	1,940,967
(878,973)	(1,036,528)	-	(1,919,815)
518,188	-	-	518,188
-	936,400	-	964,700
465,200	-	-	465,200
-	(21,000)	-	(59,280)
(6,115)	-	-	(6,115)
977,273	915,400	-	1,882,693
98,300	(121,128)	-	(37,122)
-	-	-	107,001
\$ 98,300	\$ (121,128)	\$ -	\$ 69,879

## ENTERPRISE FUNDS

**VILLAGE OF ELK RAPIDS, MICHIGAN**

**ENTERPRISE FUNDS  
COMBINING BALANCE SHEET**

**FEBRUARY 29, 2004**

<b>ASSETS</b>	<b>WATER</b>	<b>SEWER</b>	<b>WASTE COLLECTION</b>	<b>HARBOR</b>	<b>TOTAL</b>
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 184,703	\$ 248,089	\$ 28,562	\$ 772,998	\$ 1,234,352
Receivables					
Accounts	26,098	22,882	-	-	48,980
Taxes	-	-	7,990	-	7,990
Due from other governments	-	-	-	3,075	3,075
Prepaid items	797	548	462	2,069	3,876
Inventory	21,746	3,079	1,700	10,611	37,136
<b>TOTAL CURRENT ASSETS</b>	<b>233,344</b>	<b>274,598</b>	<b>38,714</b>	<b>788,753</b>	<b>1,335,409</b>
<b>RESTRICTED ASSETS- Cash and cash equivalents</b>	<b>97,405</b>	<b>-</b>	<b>-</b>	<b>73,298</b>	<b>170,703</b>
<b>PROPERTY PLANT AND EQUIPMENT</b>					
Land	25,800	630	-	-	26,430
Buildings	10,291	31,167	21,904	-	63,362
Improvements to system	2,545,643	4,123,338	6,854	5,308,029	11,983,864
Machinery and equipment	14,082	5,653	36,449	71,049	127,233
Less accumulated depreciation	(616,518)	(1,780,776)	(33,334)	(952,095)	(3,382,723)
<b>NET PROPERTY PLANT AND EQUIPMENT</b>	<b>1,979,298</b>	<b>2,380,012</b>	<b>31,873</b>	<b>4,426,983</b>	<b>8,818,166</b>
<b>OTHER ASSETS</b>					
Advance to other funds	149,100	149,100	-	390,000	688,200
Unamortized bond discount and issue costs	-	-	-	17,842	17,842
<b>TOTAL OTHER ASSETS</b>	<b>149,100</b>	<b>149,100</b>	<b>-</b>	<b>407,842</b>	<b>706,042</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,459,147</b>	<b>\$ 2,803,710</b>	<b>\$ 70,587</b>	<b>\$ 5,696,876</b>	<b>\$ 11,030,320</b>

Continued....

**VILLAGE OF ELK RAPIDS, MICHIGAN**

**ENTERPRISE FUNDS  
COMBINING BALANCE SHEET**

**FEBRUARY 29, 2004**

<b>LIABILITIES AND FUND EQUITY</b>	<b>WATER</b>	<b>SEWER</b>	<b>WASTE COLLECTION</b>	<b>HARBOR</b>	<b>TOTAL</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Account payable	\$ 249	\$ 15,006	\$ 2,810	\$ 2,383	\$ 20,448
Accrued liabilities	12,727	5,817	5,146	20,843	44,533
Deferred revenue	-	-	-	398,667	398,667
Current portion of long-term debt	32,000	-	-	69,000	101,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>44,976</b>	<b>20,823</b>	<b>7,956</b>	<b>490,893</b>	<b>564,648</b>
<b>Long-term liabilities</b>					
Advance from other funds	149,100	149,100	50,000	-	348,200
Long-term debt, less current portion	195,000	-	-	950,000	1,145,000
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>344,100</b>	<b>149,100</b>	<b>50,000</b>	<b>950,000</b>	<b>1,493,200</b>
<b>TOTAL LIABILITIES</b>	<b>389,076</b>	<b>169,923</b>	<b>57,956</b>	<b>1,440,893</b>	<b>2,057,848</b>
<b>FUND EQUITY</b>					
Contributed capital	1,233,843	2,271,042	-	1,155,108	4,659,993
Retained earnings					
Reserved	65,405	-	-	4,298	69,703
Unreserved	770,823	362,745	12,631	3,096,577	4,242,776
<b>TOTAL RETAINED EARNINGS</b>	<b>836,228</b>	<b>362,745</b>	<b>12,631</b>	<b>3,100,875</b>	<b>4,312,479</b>
<b>TOTAL FUND EQUITY</b>	<b>2,070,071</b>	<b>2,633,787</b>	<b>12,631</b>	<b>4,255,983</b>	<b>8,972,472</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 2,459,147</b>	<b>\$ 2,803,710</b>	<b>\$ 70,587</b>	<b>\$ 5,696,876</b>	<b>\$ 11,030,320</b>

Concluded

**VILLAGE OF ELK RAPIDS, MICHIGAN**

**ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS**

**YEAR ENDED FEBRUARY 29, 2004**

	<u>WATER</u>	<u>SEWER</u>	<u>WASTE COLLECTION</u>	<u>HARBOR</u>	<u>TOTAL</u>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 274,125	\$ 321,375	\$ 54,901	\$ 297,180	\$ 947,581
Contracts	-	-	13,000	407,270	420,270
Other income	79,236	57,201	854	38,750	176,041
<b>TOTAL OPERATING REVENUES</b>	<u>353,361</u>	<u>378,576</u>	<u>68,755</u>	<u>743,200</u>	<u>1,543,892</u>
<b>OPERATING EXPENSES</b>					
General operations	254,701	315,039	201,519	653,149	1,424,408
Treatment plant	-	86,125	-	-	86,125
<b>TOTAL OPERATING EXPENSES</b>	<u>254,701</u>	<u>401,164</u>	<u>201,519</u>	<u>653,149</u>	<u>1,510,533</u>
<b>OPERATING INCOME (LOSS)</b>	<u>98,660</u>	<u>(22,588)</u>	<u>(132,764)</u>	<u>90,051</u>	<u>33,359</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
State grants	13,823	-	-	3,075	16,898
Interest and penalties	5,760	5,961	698	19,480	31,899
Taxes	-	-	134,216	-	134,216
Other	-	27,198	-	-	27,198
Interest and fiscal charges	(18,356)	-	-	(51,166)	(69,522)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>1,227</u>	<u>33,159</u>	<u>134,914</u>	<u>(28,611)</u>	<u>140,689</u>
Income before operating transfers	<u>99,887</u>	<u>10,571</u>	<u>2,150</u>	<u>61,440</u>	<u>174,048</u>
<b>OPERATING TRANSFERS</b>					
Operating transfers in	29,651	6,156	-	171,000	206,807
Operating transfers (out)	(172,991)	(149,100)	(50,000)	(299,100)	(671,191)
Operating transfers from component unit	8,824	-	-	-	8,824
<b>TOTAL OPERATING TRANSFERS</b>	<u>(134,516)</u>	<u>(142,944)</u>	<u>(50,000)</u>	<u>(128,100)</u>	<u>(455,560)</u>
<b>NET (LOSS)</b>	<u>(34,629)</u>	<u>(132,373)</u>	<u>(47,850)</u>	<u>(66,660)</u>	<u>(281,512)</u>
Depreciation on fixed assets acquired with contributed capital	<u>17,491</u>	<u>31,514</u>	<u>-</u>	<u>23,332</u>	<u>72,337</u>
<b>CHANGE IN RETAINED EARNINGS</b>	<u>(17,138)</u>	<u>(100,859)</u>	<u>(47,850)</u>	<u>(43,328)</u>	<u>(209,175)</u>
<b>RETAINED EARNINGS - BEGINNING OF YEAR</b>	<u>853,366</u>	<u>463,604</u>	<u>60,481</u>	<u>3,144,203</u>	<u>4,521,654</u>
<b>RETAINED EARNINGS - END OF YEAR</b>	<u>\$ 836,228</u>	<u>\$ 362,745</u>	<u>\$ 12,631</u>	<u>\$ 3,100,875</u>	<u>\$ 4,312,479</u>

**VILLAGE OF ELK RAPIDS, MICHIGAN**

**ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS**

**YEAR ENDED FEBRUARY 29, 2004**

	WATER	SEWER	WASTE COLLECTION	HARBOR	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>OPERATING INCOME (LOSS)</b>	\$ 98,660	\$ (22,588)	\$ (132,764)	\$ 90,051	\$ 33,359
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization	57,446	84,395	2,206	121,693	265,740
Changes in operating assets and liabilities which provided (used) cash					
Receivables	1,386	1,649	(1,839)	-	1,196
Prepaid expense	17	144	70	(1,093)	(862)
Accounts payable	(1,546)	(13,756)	(1,189)	1,637	(14,854)
Accrued liabilities	(689)	(952)	76	3,258	1,693
Due to other funds	-	-	-	(21,000)	(21,000)
Deferred revenue	-	-	-	196	196
<b>NET CASH PROVIDED BY (USED IN)   OPERATING ACTIVITIES</b>	<u>155,274</u>	<u>48,892</u>	<u>(133,440)</u>	<u>194,742</u>	<u>265,468</u>
<b>CASH FLOWS FROM NON-CAPITAL   FINANCING ACTIVITIES</b>					
Operating transfers in	29,651	6,156	-	171,000	206,807
Operating transfers from component units	8,824	-	-	-	8,824
Operating transfers out	(172,991)	(149,100)	(50,000)	(299,100)	(671,191)
Property taxes and other charges	-	27,198	134,216	-	161,414
<b>NET CASH PROVIDED BY (USED IN) NON-CAPITAL   FINANCING ACTIVITIES</b>	<u>(134,516)</u>	<u>(115,746)</u>	<u>84,216</u>	<u>(128,100)</u>	<u>(294,146)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED   FINANCING ACTIVITIES</b>					
State grant	13,823	-	-	-	13,823
Advance to other funds	-	-	-	(390,000)	(390,000)
Advance from other funds	-	-	50,000	-	50,000
Principal payments on long-term debt	(30,000)	-	-	(66,000)	(96,000)
Interest and fiscal charges	(18,356)	-	-	(51,166)	(69,522)
Purchase and construction of capital assets	-	-	-	(33,163)	(33,163)
<b>NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED   FINANCING ACTIVITIES</b>	<u>(34,533)</u>	<u>-</u>	<u>50,000</u>	<u>(540,329)</u>	<u>(524,862)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest income	5,760	5,961	698	19,480	31,899
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(8,015)</u>	<u>(60,893)</u>	<u>1,474</u>	<u>(454,207)</u>	<u>(521,641)</u>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>290,123</u>	<u>308,982</u>	<u>27,088</u>	<u>1,300,503</u>	<u>1,926,696</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 282,108</u>	<u>\$ 248,089</u>	<u>\$ 28,562</u>	<u>\$ 846,296</u>	<u>\$ 1,405,055</u>

# VILLAGE OF ELK RAPIDS

## WATER FUND SCHEDULE OF OPERATING EXPENSES

YEAR ENDED FEBRUARY 29, 2004  
(with comparative totals for the year ended February 28, 2003)

	February 29, 2004	February 28, 2003
<b>GENERAL OPERATIONS</b>		
Salary and wages	\$ 64,379	\$ 58,729
Fringe benefits	21,778	18,662
Postage	1,947	1,789
Chemicals	8,399	10,165
Operating supplies	6,188	5,062
Replacement meters	4,221	4,920
Contractual services	37,043	6,975
Telephone	1,861	1,908
Printing	249	386
Insurance	3,054	3,982
Utilities	14,913	14,529
Administration	2,000	2,000
Repair and maintenance	12,200	9,544
Equipment rental	17,265	17,300
Education and training	986	846
Depreciation	57,446	57,244
Other	772	1,162
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 254,701</b>	<b>\$ 215,203</b>

# VILLAGE OF ELK RAPIDS

## SEWER FUND SCHEDULE OF OPERATING EXPENSES

YEAR ENDED FEBRUARY 29, 2004  
(with comparative totals for the year ended February 28, 2003)

	February 29, 2004	February 28, 2003
<b>GENERAL OPERATIONS</b>		
Salaries and wages	\$ 6,726	\$ 4,571
Fringe benefits	3,854	2,520
Operating supplies	153	227
Contractual services	194,866	161,069
Telephone	180	-
Repair and maintenance	11,300	8,432
Depreciation	84,395	84,395
Other	13,565	2,658
<b>TOTAL GENERAL OPERATIONS</b>	<b>315,039</b>	<b>263,872</b>
<b>TREATMENT PLANT</b>		
Salaries and wages	38,508	45,965
Fringe benefits	12,197	13,451
Postage	1,847	1,764
Operating supplies	2,095	6,131
Replacement meters	1,000	1,000
Contractual services	1,230	1,308
Telephone	603	898
Insurance	5,381	5,212
Repair and maintenance	10,226	7,066
Equipment rental	10,239	14,200
Education and training	306	47
Administration	2,000	2,000
Utilities	-	172
Other	493	244
<b>TOTAL TREATMENT PLANT</b>	<b>86,125</b>	<b>99,458</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 401,164</b>	<b>\$ 363,330</b>



# **VILLAGE OF ELK RAPIDS**

## **WASTE COLLECTION FUND SCHEDULE OF OPERATING EXPENSES**

**YEAR ENDED FEBRUARY 29, 2004**  
**(with comparative totals for the year ended February 28, 2003)**

	<u>February 29, 2004</u>	<u>February 28, 2003</u>
<b>GENERAL OPERATIONS</b>		
Salary and wages	\$ 40,701	\$ 36,995
Fringe benefits	13,870	11,741
Operating supplies	4,533	425
Contractual services	120,540	116,217
Telephone	336	184
Printing and publishing	289	199
Insurance	1,556	571
Utilities	950	698
Administration	2,000	2,000
Repair and maintenance	6,570	1,546
Equipment rental	6,489	6,300
Depreciation	2,206	4,537
Payment to TIFA district	-	16,758
Other	<u>1,479</u>	<u>828</u>
<b>TOTAL OPERATING EXPENSES</b>	<u><b>\$ 201,519</b></u>	<u><b>\$ 198,999</b></u>

# VILLAGE OF ELK RAPIDS

## HARBOR FUND SCHEDULE OF OPERATING REVENUES AND EXPENSES

YEAR ENDED FEBRUARY 29, 2004  
(with comparative totals for the year ended February 28, 2003)

	February 29, 2004	February 28, 2003
<b>OPERATING REVENUE</b>		
Contracts	\$ 407,270	\$ 403,923
Transient fees	140,803	150,765
Gas sales	156,377	163,390
Other	38,750	35,441
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 743,200</b>	<b>\$ 753,519</b>
<b>GENERAL OPERATIONS</b>		
Salary and wages	\$ 164,568	\$ 145,435
Fringe benefits	44,960	32,651
Postage	110	59
Fuel costs	133,117	124,259
Operating supplies	26,642	5,142
Contractual services	36,567	3,106
Telephone	4,294	3,507
Printing and publishing	1,023	1,583
Insurance	5,428	14,248
Utilities	34,575	32,520
Education and training	2,132	2,424
Repair and maintenance	73,065	20,979
Equipment rental	3,447	2,894
Depreciation	121,693	114,744
Other	1,528	1,440
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 653,149</b>	<b>\$ 504,991</b>

## **INTERNAL SERVICE FUND**

**VILLAGE OF ELK RAPIDS**  
**MOTOR VEHICLE AND EQUIPMENT POOL**  
**INTERNAL SERVICE FUND**  
**BALANCE SHEET**

**YEAR ENDED FEBRUARY 29, 2004**  
**(with comparative totals as of February 28, 2003)**

ASSETS	February 29, 2004	February 28, 2003
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 27,135	\$ 29,499
Prepaid items	800	837
<b>TOTAL CURRENT ASSETS</b>	<u>27,935</u>	<u>30,336</u>
<b>PROPERTY AND EQUIPMENT</b>		
Land	14,012	14,012
Buildings	75,434	75,434
Machinery and equipment	359,657	358,880
Vehicles	394,833	376,446
Less accumulated depreciation	<u>(611,272)</u>	<u>(597,381)</u>
<b>NET PROPERTY AND EQUIPMENT</b>	<u>232,664</u>	<u>227,391</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 260,599</u></u>	<u><u>\$ 257,727</u></u>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 3,355	\$ 1,271
Accrued liabilities	4,927	4,835
Current portion of notes payable	<u>9,119</u>	<u>8,770</u>
<b>TOTAL CURRENT LIABILITIES</b>	17,401	14,876
<b>LONG TERM LIABILITIES</b>		
Notes payable, net of current portion	<u>9,486</u>	<u>18,605</u>
<b>TOTAL LIABILITIES</b>	26,887	33,481
<b>FUND EQUITY</b>		
Retained earnings	<u>233,712</u>	<u>224,246</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u><u>\$ 260,599</u></u>	<u><u>\$ 257,727</u></u>

**VILLAGE OF ELK RAPIDS, MICHIGAN**

**MOTOR VEHICLE AND EQUIPMENT POOL  
INTERNAL SERVICE FUND  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS**

**YEAR ENDED FEBRUARY 29, 2004  
(with comparative totals for the year ended February 28, 2003)**

	February 29, 2004	February 28, 2003
<b>OPERATING REVENUE</b>		
Interdepartmental	\$ 157,608	\$ 157,370
Other	1,372	689
<b>TOTAL OPERATING REVENUE</b>	<u>158,980</u>	<u>158,059</u>
<b>OPERATING EXPENSES</b>		
Salary and wages	41,310	39,001
Fringe benefits	19,008	15,966
Supplies	12,319	9,556
Gasoline	11,401	8,554
Contractual services	2,016	1,662
Insurance	10,215	9,500
Utilities	6,307	5,440
Repair and maintenance	29,266	24,027
Administration fee	2,000	2,000
Other	1,222	828
Depreciation	51,266	48,554
<b>TOTAL OPERATING EXPENSES</b>	<u>186,330</u>	<u>165,088</u>
<b>OPERATING (LOSS)</b>	<u>(27,350)</u>	<u>(7,029)</u>
<b>NON-OPERATING REVENUE (EXPENSES)</b>		
Interest income	539	579
Interest expense	(1,099)	-
Sale of fixed assets	37,376	-
<b>TOTAL NON-OPERATING REVENUE (EXPENSES)</b>	<u>36,816</u>	<u>579</u>
<b>NET INCOME (LOSS)</b>	9,466	(6,450)
<b>RETAINED EARNINGS - BEGINNING OF YEAR</b>	<u>224,246</u>	<u>230,696</u>
<b>RETAINED EARNINGS - END OF YEAR</b>	<u><u>\$ 233,712</u></u>	<u><u>\$ 224,246</u></u>

**VILLAGE OF ELK RAPIDS****MOTOR VEHICLE AND EQUIPMENT POOL  
INTERNAL SERVICE FUND  
STATEMENT OF CASH FLOWS****YEAR ENDED FEBRUARY 29, 2004  
(with comparative totals for the year ended February 28, 2003)**

	<u>February 29, 2004</u>	<u>February 28, 2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating (loss)	<u>\$ (27,350)</u>	<u>\$ (7,029)</u>
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Depreciation	51,266	48,554
Changes in operating assets and liabilities which provided (used) cash		
Prepaid items	37	(837)
Accounts payable	2,084	(25)
Accrued liabilities	<u>92</u>	<u>961</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>26,129</u>	<u>41,624</u>
<b>CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Notes payable proceeds	-	27,375
Principal payments on long-term debt	(8,770)	-
Interest and fiscal charges	(1,099)	-
Purchase of fixed assets	<u>(19,163)</u>	<u>(53,300)</u>
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(29,032)</u>	<u>(25,925)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	<u>539</u>	<u>579</u>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	<u>(2,364)</u>	<u>16,278</u>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>29,499</u>	<u>13,221</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 27,135</u>	<u>\$ 29,499</u>

## **FIDUCIARY FUNDS**

# VILLAGE OF ELK RAPIDS, MICHIGAN

## FIDUCIARY FUNDS COMBINING BALANCE SHEET

FEBRUARY 29, 2004

ASSETS	AGENCY FUNDS					TOTALS
	PARK AND RECREATION COMMISSION	BEAUTIFICATION COMMISSION	PAYROLL	HEALTH INSURANCE	BIRCH LAKE SEWER	
Cash and cash equivalents	\$ 779	\$ 767	\$ 215	\$ 1,909	\$ 9,701	\$ 13,371
Accounts receivable	-	-	-	-	1,387	1,387
<b>TOTAL ASSETS</b>	<u>\$ 779</u>	<u>\$ 767</u>	<u>\$ 215</u>	<u>\$ 1,909</u>	<u>\$ 11,088</u>	<u>\$ 14,758</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 1,909	\$ -	\$ 1,909
Accrued liabilities	779	767	215	-	11,088	12,849
<b>TOTAL LIABILITIES</b>	<u>\$ 779</u>	<u>\$ 767</u>	<u>\$ 215</u>	<u>\$ 1,909</u>	<u>\$ 11,088</u>	<u>\$ 14,758</u>



# VILLAGE OF ELK RAPIDS, MICHIGAN

## ALL AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED FEBRUARY 29, 2004

	BALANCE MARCH 1, 2003	ADDITIONS	DEDUCTIONS	BALANCE FEBRUARY 29, 2004
<b><u>PARK AND RECREATION COMMISSION</u></b>				
ASSETS				
Cash and cash equivalents	\$ 803	\$ -	\$ 24	\$ 779
LIABILITIES				
Accrued expenses	\$ 803	\$ -	\$ 24	\$ 779
<b><u>BEAUTIFICATION COMMISSION</u></b>				
ASSETS				
Cash and cash equivalents	\$ 667	\$ 100	\$ -	\$ 767
LIABILITIES				
Accrued expenses	\$ 667	\$ 100	\$ -	\$ 767
<b><u>PAYROLL</u></b>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 1,375,424	\$ 1,375,209	\$ 215
LIABILITIES				
Accrued expenses	\$ -	\$ 1,375,424	\$ 1,375,209	\$ 215
<b><u>HEALTH INSURANCE</u></b>				
ASSETS				
Cash and cash equivalents	\$ 737	\$ 13,576	\$ 12,404	\$ 1,909
LIABILITIES				
Accounts payable	\$ 737	\$ 13,576	\$ 12,404	\$ 1,909

Continued.....

# VILLAGE OF ELK RAPIDS, MICHIGAN

## ALL AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED FEBRUARY 29, 2004

	BALANCE MARCH 1, 2003	ADDITIONS	DEDUCTIONS	BALANCE FEBRUARY 29, 2004
<b><u>BIRCH LAKE SEWER</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,435	\$ 45,352	\$ 44,086	\$ 9,701
Accounts receivable	1,761	44,252	44,626	1,387
<b>TOTAL ASSETS</b>	<b>\$ 10,196</b>	<b>\$ 89,604</b>	<b>\$ 88,712</b>	<b>\$ 11,088</b>
<b>LIABILITIES</b>				
Accrued expenses	\$ 10,196	\$ 89,604	\$ 88,712	\$ 11,088
<b><u>TOTAL - ALL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,642	\$ 1,434,452	\$ 1,431,723	\$ 13,371
Accounts receivable	1,761	44,252	44,626	1,387
<b>TOTAL ASSETS</b>	<b>\$ 12,403</b>	<b>\$ 1,478,704</b>	<b>\$ 1,476,349</b>	<b>\$ 14,758</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 737	\$ 13,576	\$ 12,404	\$ 1,909
Accrued expense	11,666	1,465,128	1,463,945	12,849
<b>TOTAL LIABILITIES</b>	<b>\$ 12,403</b>	<b>\$ 1,478,704</b>	<b>\$ 1,476,349</b>	<b>\$ 14,758</b>

Concluded

**DISCRETELY PRESENTED COMPONENT UNIT  
DOWNTOWN DEVELOPMENT AUTHORITY**

**VILLAGE OF ELK RAPIDS, MICHIGAN**

**DOWNTOWN DEVELOPMENT AUTHORITY  
DISCRETELY PRESENTED COMPONENT UNIT  
COMBINING BALANCE SHEET**

**FEBRUARY 29, 2004**

	GOVERNMENTAL FUND TYPES			GENERAL LONG-TERM DEBT	TOTAL
	SPECIAL REVENUE		DEBT SERVICE		
	WESTSIDE TIFA DISTRICT	EASTSIDE TIFA DISTRICT	MDOT AMES ST. CONSTRUCTION		
<b>ASSETS</b>					
<b>ASSETS</b>					
Cash and cash equivalents	\$ 188,521	\$ 22,443	\$ 599	\$ -	\$ 211,563
Prepaid items	55	-	-	-	55
Amount available in Debt Service Fund	-	-	-	599	599
Amount to be provided for retirement of long term debt	-	-	-	969,401	969,401
<b>TOTAL ASSETS</b>	<b>\$ 188,576</b>	<b>\$ 22,443</b>	<b>\$ 599</b>	<b>\$ 970,000</b>	<b>\$ 1,181,618</b>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 108	\$ -	\$ -	\$ -	\$ 108
Accrued liabilities	483	-	-	-	483
Bonds payable	-	-	-	970,000	970,000
<b>TOTAL LIABILITIES</b>	<b>591</b>	<b>-</b>	<b>-</b>	<b>970,000</b>	<b>970,591</b>
<b>FUND EQUITY</b>					
Fund balances					
Reserved	-	-	599	-	599
Unreserved	187,985	22,443	-	-	210,428
<b>TOTAL FUND EQUITY</b>	<b>187,985</b>	<b>22,443</b>	<b>599</b>	<b>-</b>	<b>211,027</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 188,576</b>	<b>\$ 22,443</b>	<b>\$ 599</b>	<b>\$ 970,000</b>	<b>\$ 1,181,618</b>

**VILLAGE OF ELK RAPIDS, MICHIGAN**

**DOWNTOWN DEVELOPMENT AUTHORITY  
DISCRETELY PRESENTED COMPONENT UNIT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES**

**YEAR ENDED FEBRUARY 29, 2004**

	<b>GOVERNMENTAL FUND TYPES</b>			
	<b>SPECIAL REVENUE</b>		<b>DEBT SERVICE</b>	<b>TOTAL</b>
	<b>WESTSIDE</b>	<b>EASTSIDE</b>	<b>MDOT</b>	
	<b>TIFA</b> <b>DISTRICT</b>	<b>TIFA</b> <b>DISTRICT</b>	<b>AMES ST.</b> <b>CONSTRUCTION</b>	
<b>REVENUES</b>				
Taxes	\$ 376,338	\$ 45,964	\$ -	\$ 422,302
Interest	10,427	448	65	10,940
Other revenue	63	-	-	63
<b>TOTAL REVENUES</b>	<b>386,828</b>	<b>46,412</b>	<b>65</b>	<b>433,305</b>
<b>EXPENDITURES</b>				
General government				
Salaries and wages	8,149	-	-	8,149
Fringe benefits	2,143	-	-	2,143
Supplies	73	-	-	73
Contractual services	31,085	-	-	31,085
Administration fee	2,000	-	-	2,000
Other	425	17	-	442
Debt service				
Principal	120,000	-	25,000	145,000
Interest	51,188	-	14,075	65,263
<b>TOTAL EXPENDITURES</b>	<b>215,063</b>	<b>17</b>	<b>39,075</b>	<b>254,155</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>171,765</b>	<b>46,395</b>	<b>(39,010)</b>	<b>179,150</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfer in	-	-	23,510	23,510
Operating transfer (out)	-	(23,510)	-	(23,510)
Operating transfer from primary government	6,115	-	5,000	11,115
Operating transfer to primary government	(465,200)	(8,824)	-	(474,024)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(459,085)</b>	<b>(32,334)</b>	<b>28,510</b>	<b>(462,909)</b>
<b>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(287,320)</b>	<b>14,061</b>	<b>(10,500)</b>	<b>(283,759)</b>
<b>FUND BALANCES-BEGINNING OF YEAR</b>	<b>475,305</b>	<b>8,382</b>	<b>11,099</b>	<b>494,786</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 187,985</b>	<b>\$ 22,443</b>	<b>\$ 599</b>	<b>\$ 211,027</b>

## **INTERNAL CONTROL AND COMPLIANCE**



**REHMANN ROBSON**

*Certified Public Accountants*

*A member of THE REHMANN GROUP*

*An Independent Member of Baker Tilly International*

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

June 5, 2004

Village Council  
Village of Elk Rapids  
Elk Rapids, Michigan

We have audited the general purpose financial statements of the *Village of Elk Rapids* (the "Village"), as of and for the year ended February 29, 2004, and have issued our report thereon dated June 5, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial

reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, Village Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Lohman". The signature is written in a cursive style with a large, prominent 'L' at the beginning.



# VILLAGE OF ELK RAPIDS

## COMMENTS AND RECOMMENDATIONS

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### **A) Financial Statement Reporting Model**

The Governmental Accounting Standards Board has issued Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis– for State and Local Governments*. This Statement has been called the most comprehensive governmental accounting rule ever developed and will significantly affect the manner in which the Village's financial statements are presented. Some of the key changes will include:

- Requiring a management's discussion and analysis section in the financial report.
- Reporting the Village's "Balance sheet" and "Income statement" on an entity wide basis.
- Reporting infrastructure as assets of the Village.
- Recording depreciation on all Village assets.
- Adjusting the focus of the income statement to a "types of service" format.
- Reporting both original and amended budgets

The Village will be required to adopt the statement for the year ended February 28, 2004, although earlier application is allowed. Preparing the Village's financial records for the changes required by the new statement can be expected to require a significant amount of time and effort by the Village's management and accounting staff. We are ready to assist the Village in implementing these changes.

### **B) Accounting Manual and other policies**

The Village does not have a policy and procedure manual. If a question were to arise regarding individual duties or the process of how to account for a transaction the Village has no reference guide to address the issue.

We recommend the Village to create a policy and procedure manual, because written procedures, instructions, and assignment of duties will prevent or reduce misunderstandings, errors, and inefficiencies.

We recommend the Village to look at some additional policies, which are not being currently addressed, specifically computer backup location, conflicts of interest statement, and a disaster recovery plan. The Village should implement a policy where the backup of financial data be kept offsite in case a disaster were to occur at Village Hall such as a fire. A conflict of interest statement, which specifies that personnel in a position of trust are not related to each other; employees are prohibited from having business dealings with companies affiliated with, or acting as major customers or suppliers of, the governmental unit; transactions with officials of the governmental unit are adequately controlled and disclosed in the records; and such transactions occur only in the normal course of business and are legally authorized, which will deter inappropriate business practices. A disaster recovery plan, which specifies an alternate place to conduct business and procedures to restore backed up information, which will allow order and direction in time of a disaster, if were to take place.